

Organizations that make application to the Department and are determined to be exclusively charitable, religious, or educational receive a tax exemption identification number ("E" number). Organizations that have secured tax exemption identification numbers from the Department are exempt from Use Tax when purchasing tangible personal property for use in furtherance of organizational purposes, and retailers do not incur Retailers' Occupation Tax on such sales. See 86 Ill. Adm. Code 130.2007. (This is a GIL).

May 17, 1999

Dear Xxxxx:

This letter is in response to your letter dated April 21, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

I WORK FOR A COMPANY AND I HAVE SOME QUESTIONS REGARDING TAX EXEMPT LETTERS. I WOULD LIKE A COPY OF THE TERMS AND CONDITIONS THAT GOVERNS THIS BENEFIT. I WAS INFORMED BY **PERSON** THAT WHEN YOU SEND OUT TAX EXEMPT LETTERS YOU DO NOT INCLUDE ANY RULES AND REGULATIONS. WHAT RULES DOES THE STATE WISH THE BUSINESS WHO ACCEPT THESE TAX LETTERS TO FOLLOW.

I HAVE ALSO INCLUDED A COPY OF OUR FORM THAT WE ASK A CUSTOMER TO FILL OUT WHEN THEY WISH TO BE TX EXEMPT. WE EITHER TAKE THE LETTER THEY HAVE AND STAPLE IT TO THIS FORM OR IN THE CASE OF REPEAT CUSTOMERS WE KEEP A COPY OF THE LETTER ON FILE IN OUR SAFE ROOM WHERE IT IS KEPT UNDER LOCK AND KEY.

MY OTHER QUESTIONS IS REGARDING HOW THE CUSTOMER PAYS. CAN AN INDIVIDUAL PAY FOR THEIR PURCHASE WITH CASH AND IF SO HOW WOULD THE STATE KNOW THIS IS NOT FOR THEIR PERSONAL USE.

I APPRECIATE YOUR HELP IN THESE MATTERS.

Organizations that make application to the Department and are determined to be exclusively charitable, religious, or educational receive a tax exemption identification number ("E" number). Organizations that have secured tax exemption identification numbers from the Department are exempt from Use Tax when purchasing tangible personal property for use in furtherance of organizational purposes, and retailers do not incur Retailers' Occupation Tax on such sales. See 86 Ill. Adm. Code 130.2007, enclosed. If organizations do not have E numbers, then their purchases are subject to tax. In addition, sales to

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governmental bodies are subject to tax unless the governmental bodies have active E numbers. See 86 Ill. Adm. Code 130.2080, enclosed. It is important to note that only sales of tangible personal property invoiced to the organizations or governmental bodies holding E numbers are exempt and sales to individual members of such organizations are taxable. Companies that sell tangible personal property to exempt organizations must be provided with an E number for a sale to an organization or governmental body to be tax exempt.

For a sale to qualify as being to an exempt organization, the seller may not rely on an invalid exemption number, even if accepted in good faith. The burden of sustaining a right to a tax exemption is on the person (retailer) claiming that the sale is tax exempt. See the enclosed copy of 86 Ill. Adm. Code 130.2005, subsection (r), paragraph (3).

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Gina Roccaforte
Associate Counsel

GR:msk
Enc.